

DEVELOPMENT COORDINATION

A. Major Development Partners: Strategic Foci and Key Activities

1. The Asian Development Bank (ADB) has been supporting the Benazir Income Support Program (BISP) since its inception in 2008. Under the Accelerating Economic Transformation Program (AETP) Subprogram 1 (\$500 million),¹ ADB supported the launching of the BISP to mitigate the social impact of the food and fuel crises of 2007 and 2008. Under the AETP Subprogram 2,² \$150 million was allocated for the BISP to support beneficiaries identified under the poverty scorecard survey.

2. Trust fund resources from the Department for International Development (DFID) of the United Kingdom were used to assist in the early development of the BISP. The World Bank is providing an ongoing \$60 million technical assistance credit with the BISP for capacity building and policy support.

3. In February 2012, the World Bank approved \$150 million of additional financing for the restructuring and scale up of the Social Safety Net Project. This World Bank project uses disbursement-linked indicators to support a small part of the cost of the cash transfer for the roll-out of the cash transfer program up to 5.5 million beneficiaries and the introduction of a co-responsibility cash transfer program for primary education. In September 2012, DFID approved a £120 million project, providing parallel financing to the World Bank project using the same disbursement-linked indicators. Following an in-depth midterm review, after 3 years of implementation, DFID will decide on the remaining £180 million allocation. In addition, DFID approved £21 million for technical assistance to support the further development and strengthening of the BISP program administration.

4. The United States Agency for International Development provided budget support for the payment of cash grants to beneficiaries under the new targeting system. Two tranches of \$85 million and \$75 million have been released.

5. The German development organization, GIZ, is providing technical assistance for BISP's health insurance graduation program.

6. In 2010, the International Labour Organization provided technical inputs for the development of BISP's technical and vocational training program. The China Foundation for Peace and Development provided \$300,000 to train beneficiaries through the BISP skills development program.

B. Institutional Arrangements and Processes for Development Coordination

7. The new government plans to expand the BISP. As a first step, it decided to increase the cash transfer from PRs1,000 to PRs1,200 from September 2013 onward. This and possible other expansions will require additional funding. ADB, DFID, and the World Bank will develop a

¹ ADB. 2008. *Report and Recommendation of the President to the Board of Directors: Proposed Program Cluster and Loans for Subprogram 1 to the Islamic Republic of Pakistan for the Accelerating Economic Transformation Program*. Manila.

² ADB. 2009. *Report and Recommendation of the President to the Board of Directors: Proposed Loans for Subprogram 2 to the Islamic Republic of Pakistan for the Accelerating Economic Transformation Program*. Manila.

joint strategy to support the increased financial needs of the BISP. ADB will take the lead on expanding the coverage to 7.2 eligible beneficiaries, providing support to the most destitute.³

8. ADB, DFID, and the World Bank are working on a joint financial management road map to develop and support transparent financial management and adequate monitoring systems in the BISP. The road map will determine the resources each development partner will provide during the project period. During the ADB project review missions, the three development partners will hold joint consultations for regular coordination and follow-up on financial management, implementation progress, and financing.

9. During project processing, the technical team of the BISP health insurance program (Waseela-e-Sehet), ADB, and GIZ agreed on a detailed implementation plan, determining the resources each partner will provide to support the strengthening and phased roll-out of the health insurance program.

Major Development Partners

Development Partner	Project Name	Duration	Amount (\$ million)
Social Protection through Income Support Program			
ADB	Accelerating Economic Transformation Program	2008–2009	150.0
CFDP	China–Pakistan Friendship Scholarship	2012	0.3
DFID	Trust Fund	2008–2009	4.5
	Pakistan National Cash Transfer Program	2012–2020	450.0
	Technical Assistance	2012–2020	30.0
GIZ	Health Sector Support	2010–2019	n.a.
USAID	Emergency Supplemental Funding	2009–2010	85.0
	Emergency Supplemental Funding	2012–2013	75.0
World Bank	Social Safety Net Technical Assistance	2008–2009	60.0
	Development Policy Credit	2009–2010	200.0
	Pakistan Social Safety Net Project	2011–2012	150.0
	Punjab Health Sector Reform Project	2013–2017	290.0

ADB = Asian Development Bank, CFDP = China Foundation for Peace and Development, DFID = Department for International Development of the United Kingdom, n.a. = not available, USAID = United States Agency for International Development.

Source: Asian Development Bank.

C. Achievement and issues

10. ADB's country assistance program evaluation for Pakistan for 2002–2012 is ongoing. A preliminary finding states that ADB had a substantial portfolio in the social sectors, but that this has diminished with Strategy 2020 (particularly with regard to the health sector).⁴ ADB

³ BISP. 2011. *Benazir Income Support Program Impact Evaluation. Baseline Survey*. Islamabad.

⁴ ADB. 2008. *Strategy 2020: The Long-Term Strategic Framework of the Asian Development Bank, 2008–2020*. Manila

strategies have not been clear in these sectors and interventions rather fragmented, with little indication of a clear division of labor with other development partners. In the case of the BISP, ADB is responsive to the government's interest to further develop a national social safety net. The new government confirms its strong commitment to pursue comprehensive reform in the country's social protection sector.

11. The proposed intervention is strongly aligned with the ADB Strategy 2020 goals and objectives. As such, it provides an excellent example of ADB taking its overarching goal on poverty in ways that fully complement its efforts in supporting economic growth. The Pakistan government invested substantially in the development of a sound targeting system based on proxy-means testing. A major concern of the development partners is to keep the integrity of the targeting system high and not to allow the cut-off score set at 16.17, targeting the 7.2 million poorest families in the country, to be relaxed. This integrity will ensure the sustainability of the program by targeting the assistance to the most needy, allowing opportunities to rationalize existing social protection programs and untargeted subsidies. This step is expected to lead to significant resource savings that can in turn be used to expand the cash transfer program. Social protection programs have been characterized by weak implementation due to poor governance, weak management, ineffective oversight, and lack of monitoring and evaluation. Until recently, very little information has been available on the effectiveness of social protection programs in Pakistan. This changed with the introduction of the national BISP program. Social protection reforms can have a visible impact only in the medium to long term; therefore sustained commitment and ownership on the part of the Pakistan government and continued support from development partners are critical.

D. Summary and Recommendations

12. The working relationships developed between ADB, DFID, GIZ and the World Bank (together with agreed road maps and plans for continued coordination) provide a strong foundation for ongoing cooperation of the development partners. The government is working well with the partners and is committed to strong management and effective oversight of the BISP.